

ORACLE FINANCIAL SERVICES ASSET LIABILITY MANAGEMENT ANALYTICS

ACTIONABLE INTEREST RATE RISK INTELLIGENCE FOR FINANCIAL SERVICES ORGANIZATIONS

KEY BENEFITS

- Ability to analyze Interest Rate Risk through Deterministic and Stochastic simulation results
- Efficient storage of historical results supporting period over period comparative analysis and trending
- Advanced capabilities for the Business Users to compare Processes and Scenarios to defined Benchmarks
- Predefined and Pre-formatted ALM Reports that are delivered out of the box
- Accelerated deployment with reduced cost and risk
- Ability to quickly adapt to changing business needs by integrating and leveraging, existing technology investments

The highly volatile and liquid nature of today's financial markets is forcing companies across the Financial Services Industry to place renewed emphasis on the most efficient use of capital, balanced with acceptable risk. Oracle Financial Services Asset Liability Management Analytics (OALMBI) provides one of the most important tools in the industry for managing interest rate risk in this rapidly changing economic environment. The balance sheet of a typical bank is the result of millions of individual transactions with unique attributes. Analysis of these transactions and their relationship to enterprise-wide risk is an extremely complicated task. Greater insight into an integrated view of balance sheet risks and returns represents a key strategic differentiator for Financial Services Institutions (FSIs) as they implement strategies to manage risk while maximizing shareholder value.

To help FSIs achieve this result, Oracle Risk Manager (ORM) and Oracle Business Intelligence Enterprise Edition (OBI-EE) have been completely integrated into an industry leading Interest Rate Risk Management Business Intelligence solution: Oracle Financial Services Asset Liability Management Analytics (OALMBI).

The combination of these two market-leading solutions provides FSIs with a turnkey application for delivery of interest rate risk analytics to the organization - using the industries leading Business Intelligence platform. FSIs can manage interest rate risk more effectively when OALMBI is used to unlock the depth and accuracy of Oracle Risk Manager business insight to achieve objectives such as:

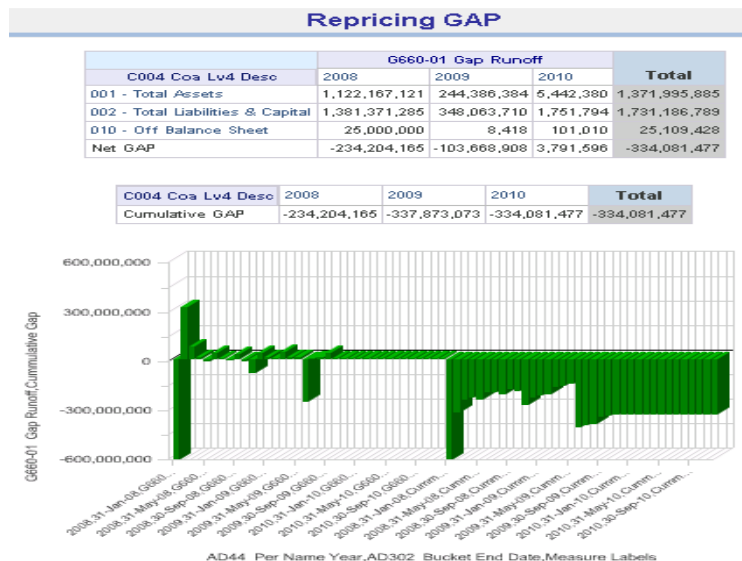
- *Monitoring historical interest rates, rate spreads and interest rate forecasts*
- *Measuring and analyzing key indicators of interest rate risk including: re-pricing and liquidity gaps, market value and duration of equity, income simulation, value at risk and stochastic earnings relative to policy limits*
- *Evaluating and monitoring detailed assumptions used in generating your ALM results as well as audit details*

Leveraging the Power of Oracle Risk Manager

Managing the market and rate risk of the bank's balance sheet is the primary objective of treasury organizations. This goal has never been more important than today. It is the primary responsibility of every Treasury Department to understand the composition of the balance sheet and the factors that cause it to change over time. In order to develop this insight, the Treasury and Risk groups need to measure and model every loan, deposit, investment, and portfolio individually, which results in massive amounts of very complex data.

Oracle Risk Manager is a powerful asset/ liability management application that employs account-level data to support structured interest rate risk analysis, balance sheet forecasting, and market valuation. Through tight integration with Oracle Risk Manager, OALMBI provides a rich and robust business intelligence solution that empowers the financial institution with actionable insight into interest rate risk. Complex calculations performed by Risk Manager including value-at-risk (VaR), earnings-at-risk (EaR), market value, income simulation, and gap analysis, can now be more effectively exposed to all the interested parties in your organization. OALMBI includes a rich set of pre-built dynamic reports and dashboards allowing customers to recognize immediate benefits. Seeded reports and dashboards are just the beginning of the story, however. The true power of the OALMBI application comes from a rich set of seeded BI Metrics that empower users to modify existing reports and easily create custom reports and dashboards that meet their unique business needs. The OALMBI dashboards and ad-hoc reporting environments provide the user with full drill down capability to the lowest level of data in order to reveal the impact of individual products on the overall risk profile.

The wealth of OFSA information becomes accessible to all the roles responsible for risk management in the organization, enabling banks to manage interest rate risk effectively in rapidly changing market conditions.



Extensive Coverage of the ALM Subject Area

OALMBI is a robust Business Intelligence solution designed for fast deployment and easy configuration at lower cost and risk with better business results. OALMBI includes a pre-built data model with over 3,000 metrics, and employs best practices in OBI-EE design based on Oracle's experience with hundreds of OFSA and OBI-EE implementations. Some of the many pre-built risk measures deployed specifically in context for ALM reporting include:

- Metrics for historical trends including month ago, quarter ago, year ago
- Ability to select benchmarks for processes, scenarios or rates
- Benchmarks for changes in value and percentage changes
- First, Last and Average results over time
- Functions for ranking results

Standard reports that are used to evaluate interest rate risk such as Market Value of Equity, Duration of Equity, Re-Pricing GAPS, Liquidity GAPS, Income Simulation results, Value at Risk and Earnings at Risk are all included as part of the OALMBI application.

Low Cost of Ownership

The OBI-EE enterprise analytics platform enables users to easily customize and extend the application without the need for expensive development. The OALMBI application is structured in a "template-like" design to allow for easier customization and extensions. The intuitive, Web-based user interface enables rapid end user adoption, brings the power of thousands of KPIs to the fingertips of any business user with very little training.

OALMBI lowers the cost of ownership for the users by minimizing the data movement, which traditionally represents the most expensive component of most business intelligence solutions. The application consists of pre-built scripts that load and refresh data from the source application into the tables that are used for analysis.

OALMBI allows users to define their own reports, dashboards, alerts, and metrics, in a matter of minutes and share this information with the entire community of users. The application can be maintained and enhanced by the same business users who define the requirements. Creation and modification of reports has been made extremely intuitive and simple with the ad-hoc interface. As business users maintain their reports directly, the project will not result in another drain on vital IT resources. The application leverages the same semantic model as a single source of the truth for all reporting

formats and media. OALMBI can also be easily pre-configured to limit permissions to users thereby allowing each user to only see or receive relevant results based on their role in the organization.

Summary

Oracle Financial Services ALM Analytics provides FSIs with new levels of insight by unlocking the information value built in OFSA, to all users in the organization. The combination of OFSA with OBI-EE empowers all users with access to a wide range of intelligence and analysis tailored to individual roles and personalized to specific needs. Dynamic interactive dashboards, ad hoc intuitive reporting, alerting, open access and scenario-based what if analysis capabilities are available within one fully integrated framework. Information as diverse as individual account level characteristics, indicators of interest rate risk, and compliance information can now be found in one comprehensive, reconciled environment.

With over 3,000 business objects available for building analysis and reports, numerous pre-built hierarchies and dimensions, a flexible and performance driven architecture, Oracle Financial Services BI solutions are engineered to the unique information needs of the leading Financial Services organizations that want to leverage the richness of their OFSA investment. With OALMBI, FSI professionals have access to turnkey actionable information that drives greater efficiency and service, lowers cost, and increases competitiveness.

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